

Message Text

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SUBJECT: ASSESSMENT OF SECURITY ASSISTANCE PROGRAM

REF A. STATE 24348 B. STATE 85052

1. IN ASSESSING IMPACT OF MILITARY ASSISTANCE HERE, FUNDAMENTAL CONSIDERATION IS THAT SPAIN NOW MAJOR INDUSTRIAL POWER WITH GNP OF NEARLY \$45 BILLION AND ANNUAL MILITARY EXPENDITURES APPROACHING \$1.5 BILLION. IN CARRYING OUT ITS SUSTAINED, RAPID ECONOMIC DEVELOPMENT, AND IN SUPPORTING AND MODERNIZING ITS 330,000- MAN MILITARY ESTABLISHMENT, SPAIN IS VIRTUALLY SELF- RELIANT. ECONOMIC AND MILITARY ASSISTANCE ON CONCESSIONAL TERMS FROM THIRD COUNTRIES AND FROM INTERNATIONAL FINANCIAL INSTITUTIONS IS NEGLIGIBLE.

2. VIEWED IN THIS TOTAL ECONOMIC CONTEXT, US SECURITY ASSISTANCE, WHICH IN FY 1974 WILL REPRESENT LESS THAN ONE- HALF OF ONE PERCENT OF TOTAL SPANISH DEFENSE EFFORT, HAS LITTLE IMPACT. PSYCHIC AND POLITICAL IMPACT, HOWEVER, SOMEWHAT GREATER. PROJECTED FY 1974 GRANT MATERIAL ASSISTANCE OF \$5 MILLION COVERS LAST OF MAJOR MILITARY EQUIPMENT ITEMS PROMISED SPANISH AS QUID IN 1970 AGREEMENT AND, AS SUCH, IS FINAL INSTALLMENT PAYMENT FOR THAT TYPE OF
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QUID UNDER 1970 CONTRACTUAL OBLIGATIONS. WHILE AMOUNT IS SMALL, IT IS NO LESS IMPORTANT THAN EARLIER, LARGER INSTALLMENTS. SPANISH STILL REGARD IT AS TOUCHSTONE OF US GOOD FAITH IN LIVING UP TO CONTRACT AND AS MODEST BUT VISIBLE SYMBOL OF US INVOLVEMENT WITH AND ACCEPTANCE OF SPAIN AS DEFENSE PARTNER.

3. MAP NOT NOW PROJECTED BEYOND FY 1976. CURRENT PROJECTION ENVISAGES TOTAL OF ONLY \$1.5 MILLION FOR FY 75 AND FY 76 TO LIQUIDATE REMAINING COMMITMENTS AND BRING TOTAL TRAINING EXPENDITURES CLOSE TO FIVE- YEAR TOTAL OF \$4.9 MILLION TARGETED IN 1970 AGREEMENT. WITH A THOROUGHLY RENEGOTIATED BASES AGREEMENT LIKELY IN 1975, ATTEMPTS TO PROJECT SIZE OR COMPOSITION OF MAP BEYOND FY 1976 WOULD BE LITTLE MORE THAN EXERCISE IN SPECULATION. SPANISH HAVE LET IT BE KNOWN THAT SPAIN, WITH HER PROSPERITY, HAS LESS PRIORITY FOR NEED FOR GRANT MATERIEL AND WILL BE MORE INTERESTED IN FUTURE COUNTERPART WITH DIFFERENT FORMS. WITH SPANISH ALREADY LOOKING FORWARD TO 1975, SHOULD BE STRESSED ONCE AGAIN THAT US PERFORMANCE IN USING MAP TO MEET WHAT GOS REGARDS AS FIRM CONTRACTUAL OBLIGATION STILL INFLUENCES ATTITUDES OF SPANISH MILITARY TOWARD TERMS FOR RENEWAL OF DEFENSE AGREEMENT IN 1975.

4. SIMILARLY, \$3 MILLION SUPPORTING ASSISTANCE IS FUNDAMENTAL TO MAKING NON- MILITARY PROVISIONS OPERATIVE AND, AS SUCH, LENDS BALANCE AND CREDIBILITY TO BROADER US- SPANISH RELATIONSHIP PRESCRIBED IN AFC. WHILE INITIALLY HESITANT COORDINATION WITHIN GOS FOR FIRST \$3 MILLION TRANCHE RESULTED IN SOME DELAYS IN FUND UTILIZATION, THOSE PROGRAMS GENERALLY JUDGED WORTHY. MORE IMPORTANT, PROJECTS NOW UNDERWAY FROM SECOND \$3 MILLION TRANCHE -- ESSENTIALLY IN SCIENTIFIC/ CULTURAL FIELD -- ARE SIGNIFICANT BOTH FOR SUBSTANTIVE CONTRIBUTIONS AND AS SYMBOLS OF BENEFITS TO SPAIN UNDER AGREEMENT. IT IS IMPORTANT THAT WE BE PREPARED WITH FUNDING TO TAKE ADVANTAGE OF DEVELOPING MOMENTUM. IF SPANISH FOLLOW THROUGH ON INDICATIONS THAT THEY MAY SEEK MORE SCIENTIFIC AND TECHNICAL AID AS QUID UNDER FUTURE AGREEMENT, EFFECTIVE IMPLEMENTATION OF NON- MILITARY PROVISIONS MAY WELL BE VALUABLE TRAINING FOR BOTH SIDES FOR FUTURE RELATIONSHIP.

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5. IN SUM, SECURITY ASSISTANCE PROGRAM IS LIMITED PROGRAM WITH LIMITED OBJECTIVE OF PROVIDING QUID FOR BASE RIGHT UNDER SPECIFIC AGREEMENT. " NEED" FOR SUCH A PROGRAM SELF- EVIDENT UNTIL SUCH TIME AS SPECIFIC OBLIGATIONS UNDER AGREEMENT MET. TEST OF OVERALL " EFFECTIVENESS" OF PROGRAM IS WHETHER IT HAS MET WITHOUT EXCESSIVE DELAY REASONABLE EXPECTATIONS OF SPANISH CONCERNING QUID AND HAS THEREBY

SUSTAINED GOOD FAITH AND RELIABILITY OF US AS WORKING
PARTNER IN BILATERAL DEFENSE ARRANGEMENT. WHILE THERE
HAVE BEEN COMPLAINTS -- MANY OF THEM AS BARGAINING
TACTICS -- DURING PERIOD OF PRESENT AGREEMENT OVER
CONDITION OF MATERIEL AND SHIPS, DETAILS OF TERMS AND
CONDITIONS AND DELAYED DELIVERIES, PRINCIPAL SPANISH
BENEFICIARIES OF QUID BY AND LARGE CONSIDER THEIR MINIMUM
EXPECTATIONS MET.

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